

AR34

Mr. Scott

Lee P

**INLAND CEMENT
COMPANY LIMITED**

**ANNUAL REPORT
1964**



INLAND CEMENT COMPANY LIMITED

The embossed cover of this report symbolizes the striking effects achieved through the use of concrete products in today's architecture.

HIGHLIGHTS OF THE YEAR

| | 1964 | | 1963 | | Increase (Decrease) |
|----------------------------------|--------------|------------|--------------|------------|------------------------|
| | Amount | Per Share* | Amount | Per Share* | |
| Net Earnings before Income Taxes | \$ 2,003,251 | \$ 1.41 | \$ 2,727,216 | \$ 1.92 | \$ (723,965) |
| Provision for Income Taxes | — | — | 1,048,000 | .74 | (1,048,000) |
| Net Earnings after Income Taxes | 2,003,251 | 1.41 | 1,679,216 | 1.18 | 324,035 |
| Dividends | 1,136,660 | .80 | 1,136,660 | .80 | — |
| Shareholders' Equity | 26,523,796 | 18.67 | 25,657,205 | 18.06 | 866,591 |
| Long Term Debt | 12,413,500 | | 6,533,500 | | 5,880,000 |
| Fixed Assets | 41,573,471 | | 31,846,856 | | 9,726,615 |

*Participating preferred share

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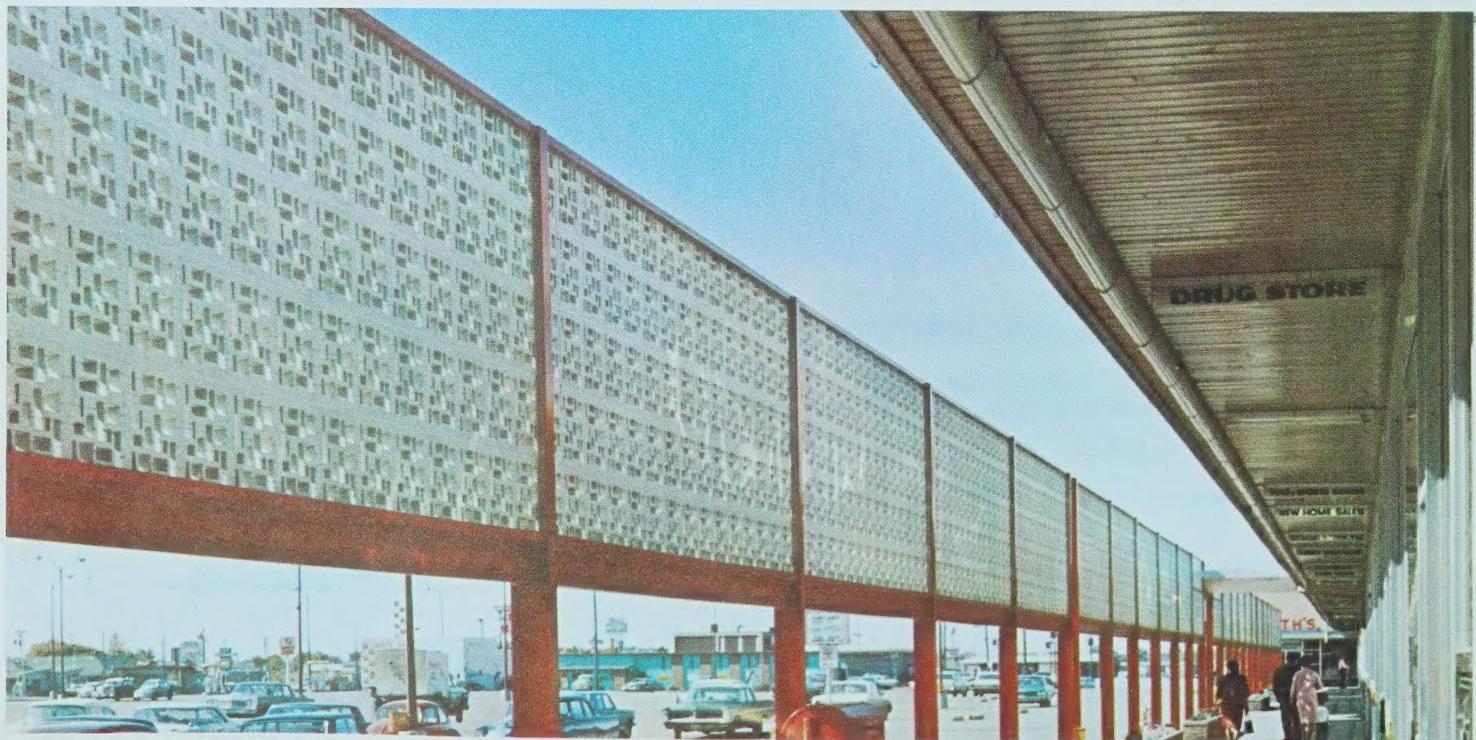
| | | | | |
|---------------------------------------|--|---|------------------------|--|
| Directors | Charles de Bar, Brussels F. Campbell Cope, Q.C., Montreal Jules Dubois-Pelerin, Brussels W. Leslie Forster, C.B.E., Montreal August A. Franck, Montreal Andre P. Jadoul, Brussels Fred T. Jenner, Edmonton F. Clar Manning, Calgary Max Nokin, Brussels Hugh E. Pearson, Edmonton William S. Ziegler, Edmonton | | | |
| Officers | Hugh E. Pearson, Chairman of the Board William S. Ziegler, President D. R. B. McArthur, Executive Vice-President George Ross, Vice-President, Marketing Walter S. Bannister, Vice-President, Production E. John Cuyler, Vice-President, Planning and Development L. R. Sinclair, C.A., Secretary-Treasurer Joseph J. Stratton, Assistant Secretary | | | |
| General Counsel | Howard, Cate, Ogilvy, Bishop, Cope, Porteous & Hansard, Montreal Chambers, Saucier, Jones, Peacock, Black, Gain & Stratton, Edmonton | | | |
| Auditors | McDonald, Currie & Co., Edmonton | | | |
| Transfer Agents and Registrars | Montreal Trust Company, Halifax, Montreal, Toronto, Winnipeg, Edmonton, Calgary, Vancouver | | | |
| INLANI | Cement Plants | Alberta Edmonton Calgary (Distribution Centre) | Saskatchewan Regina | Manitoba Winnipeg (under construction) |
| | Sales Offices | Edmonton Calgary | Regina Saskatoon | Winnipeg Brandon |



Precast concrete panels with exposed aggregates of white quartz and grey granite were used in the construction of the Saskatchewan Government Telephone Building in Regina.



Rigid frame precast concrete members support the tapering barrel dome roof of the Holy Trinity Roman Catholic Church in Calgary.



Concrete masonry units are used to advantage in this sun screen at the Grosvenor Park Shopping Centre in Saskatoon.

DIRECTORS' REPORT

Your Directors take pleasure in submitting herewith the Annual Report for 1964, together with the Report of the Auditors, Messrs. McDonald, Currie & Co.

FINANCIAL

Earnings for 1964, before provision for income taxes, amounted to \$2,003,251 compared to \$2,727,216 in 1963. This decrease was due primarily to lower average profit margins caused principally by the area distribution of sales. The company intends to claim sufficient capital cost allowance to eliminate any income tax liability in respect to 1964 operations. As a result, the net earnings of \$2,003,251 in 1964 were higher than the net earnings of \$1,679,216 in 1963 after provision for income taxes. Dividends of 80c per share on the outstanding participating preferred shares and 8c per share on the outstanding ordinary shares were distributed to shareholders from 1964 earnings. During the year the Company issued \$4,500,000 of 5 1/8% First Mortgage Sinking Fund Bonds and a 6% long term \$1,500,000 note to provide the balance of the funds required for the construction of the new Winnipeg plant.

MARKETING

The basic market for cement in Western Canada continued to increase at a satisfactory rate during the year. As anticipated, sales to major construction projects were lower than in 1963, due mainly to the completion of the Squaw Rapids Dam and certain phases of the South Saskatchewan River Development project, and to the completion of major airport contracts. However, increased shipments to Manitoba in preparation for the opening of our new cement plant in Winnipeg more than offset the decline in shipments to special projects. Over all, the Company enjoyed a significant increase in sales volume over the previous year.

PLANTS AND OPERATIONS

Production costs were reduced through the introduction of a number of operating improvements in our plants and quarries. During the year the Company purchased the assets of another cement plant under construction in the Winnipeg area. These assets are being used in the construction of the Inland plant at Winnipeg, which will now have an ultimate annual capacity of 2,000,000 barrels. Engineering and construction are progressing on schedule and this plant should be serving the Manitoba market by the spring of 1965.

DIRECTORS AND OFFICERS

As a result of the desire of Mr. W. L. Forster to spend more time on other activities, he did not stand for re-election as Chairman of the Board. The Board wishes to express its gratitude to Mr. Forster for his devotion to the affairs of the Company since it was first founded and is pleased that he will continue to serve as a Director. Mr. H. E. Pearson succeeded Mr. Forster as Chairman of the Board. Mr. A. A. Franck was elected to the board.

A Planning and Development Division was established with Mr. E. J. Cuyler as Vice-President. Mr. L. R. Sinclair, previously Controller, succeeded Mr. Cuyler as Secretary-Treasurer. Mr. A. A. MacNaughton vacated the position of Assistant Treasurer during the year.

STAFF AND LABOUR

Staff and labour relations continued to be excellent throughout the year. It is a pleasure to report that our quarry at Mafeking, Manitoba and our Edmonton plant both established records for operations without lost time accidents. The Mafeking quarry reached 1,000 accident free days while the Edmonton plant completed the year without an accident. Your Directors wish to express their sincere thanks and appreciation to all officers and employees for their loyal and efficient service throughout the year.

OUTLOOK

It is anticipated that the Canadian economy will continue to expand in the coming year. In Western Canada the construction industry should enjoy a high rate of activity due to such influences as expansion of natural resource industries, continued expansion of power and water resources and major urban renewal programs. As a result of this and the commencement of operations of the Winnipeg plant the Company looks forward to further increases in sales volume and improved profits in the coming year.

On behalf of the Board of Directors,



W. S. ZIEGLER,
President.

CONSOLIDATED

as at 31

INLAND CEMENT COMPANY LIMITED

ASSETS

| | 1964 | 1963 |
|---|--------------------|--------------------|
| CURRENT ASSETS | | |
| Cash | \$ 678,567 | \$ 282,760 |
| Accounts receivable | 2,060,048 | 1,702,535 |
| Inventories of cement, production materials and supplies—at cost | 1,325,978 | 1,910,175 |
| Prepaid expenses | 49,368 | 41,314 |
| | <hr/> 4,113,961 | <hr/> 3,936,784 |
| TEMPORARY INVESTMENTS—at cost | <hr/> 6,540,265 | <hr/> 6,896,925 |
| FIXED ASSETS | | |
| Land, buildings, machinery and construction in progress—at cost (Note 3) | 41,573,471 | 31,846,856 |
| Accumulated depreciation and depletion (Note 1) | 10,449,779 | 8,734,866 |
| | <hr/> 31,123,692 | <hr/> 23,111,990 |
| OTHER ASSETS | | |
| Unamortized bond and debenture discount | 69,933 | 78,007 |
| Approved on behalf of the Board | | |
| H. E. Pearson | Directors | |
| W. S. Ziegler | | |
| | <hr/> \$41,847,851 | <hr/> \$34,023,706 |

AUDITORS' REPORT

We have examined the consolidated balance sheet of Inland Cement Company Limited as at 31 December 1964 and the consolidated statements of earnings, retained earnings and source and use of funds for the year ended on that date and have obtained all the information and explanations we

have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, and according to the best of our information and the explanations given to us

BALANCE SHEET

for 1964

and its wholly owned Subsidiary Saskatchewan Cement Company Limited

LIABILITIES

| | 1964 | 1963 |
|--|--------------------|--------------------|
| CURRENT LIABILITIES | | |
| Accounts payable and accrued expenses | \$ 1,016,204 | \$ 785,001 |
| Accounts payable—construction | 1,894,351 | — |
| Provision for income taxes | — | 1,048,000 |
| Current portion of long term debt | 427,500 | 120,000 |
| | <hr/> 3,338,055 | <hr/> 1,953,001 |
| LONG TERM DEBT | | |
| Bonds, debentures and note (Note 2) | 11,986,000 | 6,413,500 |
| | <hr/> 15,324,055 | <hr/> 8,366,501 |
| SHAREHOLDERS' EQUITY | | |
| CAPITAL STOCK | | |
| Preferred shares, par value \$10 (6% non-cumulative, participating, voting and non-redeemable) | | |
| Authorized—2,400,000 shares | 12,208,240 | 12,208,240 |
| Issued —1,220,824 shares | <hr/> 12,208,240 | <hr/> 12,208,240 |
| Ordinary shares, par value \$1 Authorized—4,000,000 shares | 2,000,000 | 2,000,000 |
| Issued —2,000,000 shares | <hr/> 2,000,000 | <hr/> 2,000,000 |
| PREMIUM ON CAPITAL STOCK | 14,208,240 | 14,208,240 |
| RETAINED EARNINGS | 5,773,260 | 5,773,260 |
| | 6,542,296 | 5,675,705 |
| | <hr/> 26,523,796 | <hr/> 25,657,205 |
| | <hr/> \$41,847,851 | <hr/> \$34,023,706 |

THE SHAREHOLDERS

and as shown by the books of the companies, the accompanying consolidated balance sheet and consolidated statements of earnings, retained earnings and source and use of funds, when read in conjunction with the notes appended thereto, are properly drawn up so as to exhibit a true and correct view

of the state of the affairs of the companies as at 31 December 1964 and the results of their operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

McDONALD, CURRIE & CO.
Chartered Accountants

29 January 1965

INLAND CEMENT COMPANY LIMITED

CONSOLIDATED STATEMENT OF EARNINGS

For the year ended 31 December 1964

| | 1964 | 1963 |
|---|--------------------------|--------------------------|
| NET EARNINGS including income from investments of \$210,234 (\$156,942 in 1963) and before the undernoted items ----- | \$ 4,478,403 | \$ 4,948,029 |
| Interest on bonds, debentures and note ----- | 533,647 | 429,673 |
| Remuneration of executive officers ----- | 139,525 | 127,689 |
| Directors' fees ----- | 9,850 | 8,550 |
| Legal fees ----- | 43,181 | 25,000 |
| Amortization of bond and debenture discount ----- | 8,074 | 8,318 |
| | <hr/> 734,277 | <hr/> 599,230 |
| Depreciation and depletion ----- | 3,744,126 | 4,348,799 |
| NET EARNINGS BEFORE INCOME TAXES ----- | 1,740,875 | 1,621,583 |
| Provision for income taxes ----- | 2,003,251 | 2,727,216 |
| NET EARNINGS FOR THE YEAR (Note 1) ----- | <hr/> \$ 2,003,251 | <hr/> 1,048,000 |
| | <hr/> <hr/> \$ 2,003,251 | <hr/> <hr/> \$ 1,679,216 |

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

For the year ended 31 December 1964

| | 1964 | 1963 |
|---------------------------------|--------------------|--------------------|
| BALANCE—BEGINNING OF YEAR ----- | \$ 5,675,705 | \$ 5,133,149 |
| Net earnings for the year ----- | 2,003,251 | 1,679,216 |
| | <hr/> 7,678,956 | <hr/> 6,812,365 |
| Dividends paid— | | |
| Preferred shares ----- | 976,660 | 976,660 |
| Ordinary shares ----- | 160,000 | 160,000 |
| | <hr/> 1,136,660 | <hr/> 1,136,660 |
| BALANCE—END OF YEAR ----- | <hr/> \$ 6,542,296 | <hr/> \$ 5,675,705 |

CONSOLIDATED STATEMENT OF SOURCE AND USE OF FUNDS

For the year ended 31 December 1964

| | 1964 | 1963 |
|--|--------------------|------------------|
| SOURCE OF FUNDS | | |
| Net earnings for the year ----- | \$ 2,003,251 | \$ 1,679,216 |
| Depreciation, depletion and amortization ----- | 1,748,949 | 1,629,901 |
| Increase in long term debt ----- | 6,000,000 | — |
| Decrease or (increase) in temporary investments ----- | 356,660 | (1,849,000) |
| | <hr/> 10,108,860 | <hr/> 1,460,117 |
| USE OF FUNDS | | |
| Net expenditures for fixed assets ----- | 9,752,577 | 1,013,383 |
| Dividends paid ----- | 1,136,660 | 1,136,660 |
| Current portion of long term debt ----- | 427,500 | 120,000 |
| | <hr/> 11,316,737 | <hr/> 2,270,043 |
| DECREASE IN WORKING CAPITAL ----- | <hr/> \$ 1,207,877 | <hr/> \$ 809,926 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 1964

1. INCOME TAXES

The companies intend to claim for income tax purposes capital cost allowance which is in excess of the depreciation recorded in the accounts thereby reducing the current income tax provision by \$998,000. The accumulated amount by which taxes have been reduced in this way is \$5,920,000.

2. LONG TERM DEBT

| | 1964 | 1963 |
|--|--------------------|--------------------|
| 4½% Convertible sinking fund debentures series A due 1976 ----- | \$ 653,500 | \$ 653,500 |
| 6¾% First mortgage sinking fund bonds series A due 1975 ----- | 5,760,000 | 5,880,000 |
| 5¾% First mortgage sinking fund bonds series B due 1984 ----- | 4,500,000 | — |
| 6% Note maturing in instalments to 1972 ----- | 1,500,000 | — |
| | <hr/> 12,413,500 | <hr/> 6,533,500 |
| Instalments due within one year included with current liabilities ----- | 427,500 | 120,000 |
| | <hr/> \$11,986,000 | <hr/> \$ 6,413,500 |

The payments required in each of the next five years to meet debt instalments and sinking fund provisions are: 1965 and 1966 \$427,500; 1967 and 1968 \$547,500; 1969 \$772,500. The 4½% debentures may be converted into preferred shares before 15 July 1966 on the basis of 20 shares for each \$500 principal amount of debentures.

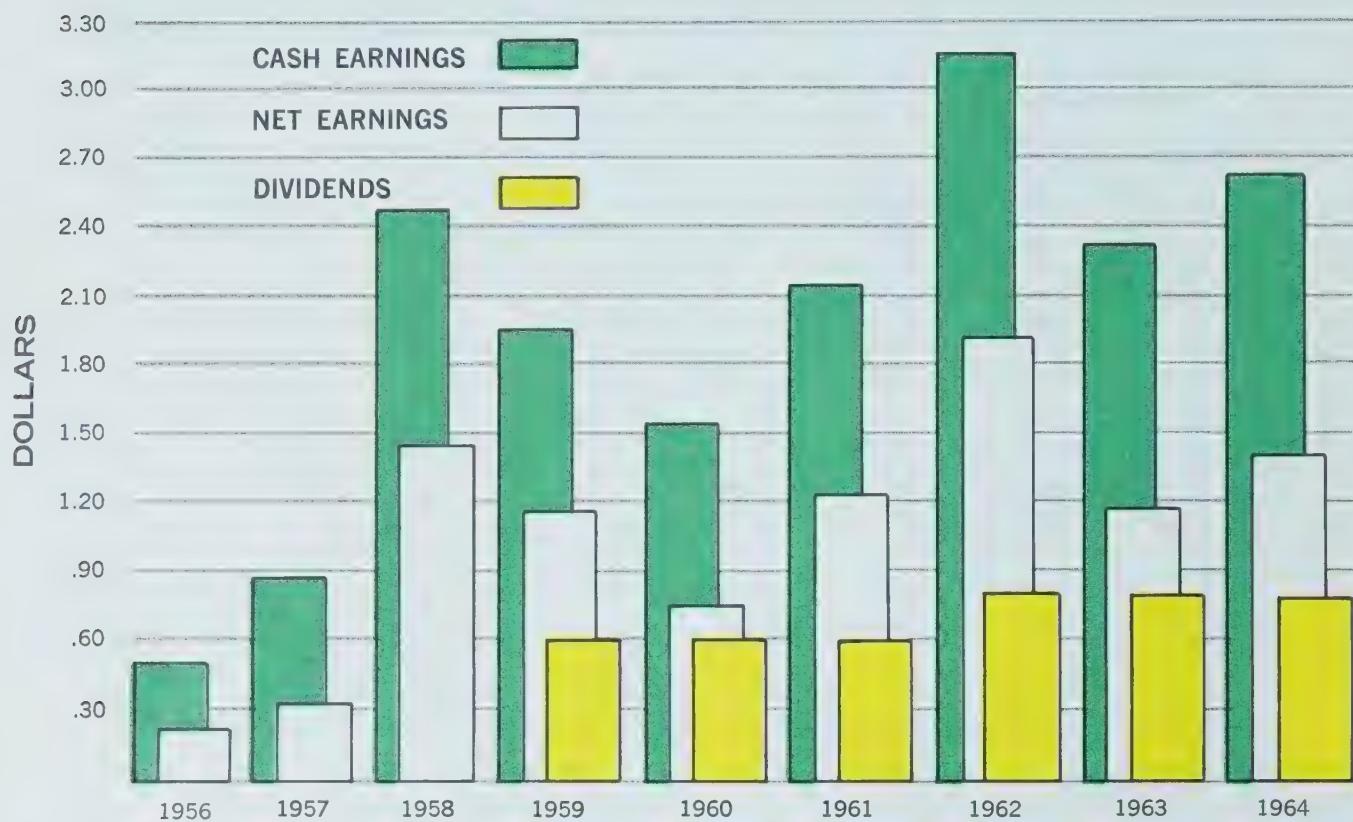
3. CONSTRUCTION IN PROGRESS

Temporary investments will be used for the estimated \$5,000,000 required to complete the construction in progress.

HISTORY OF GROWTH

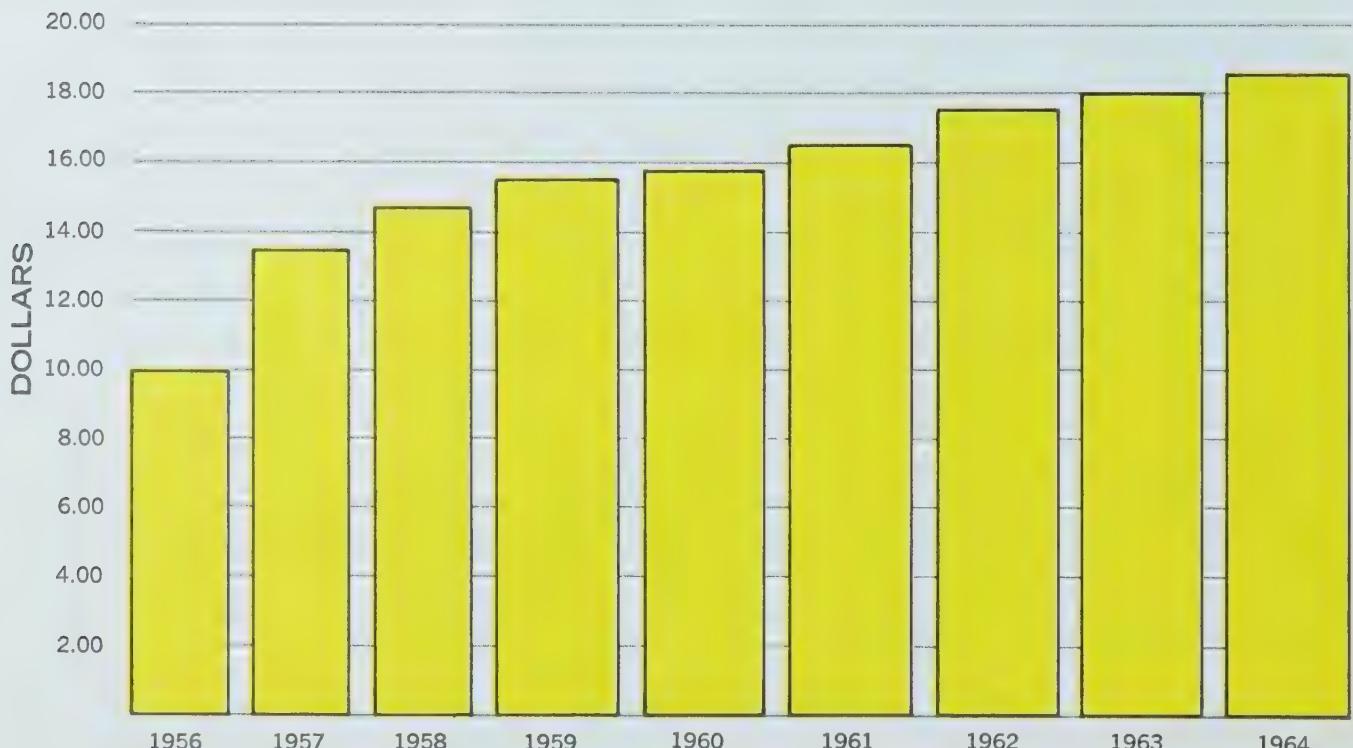
EARINGS AND DIVIDENDS

(Per Participating Preferred Share)



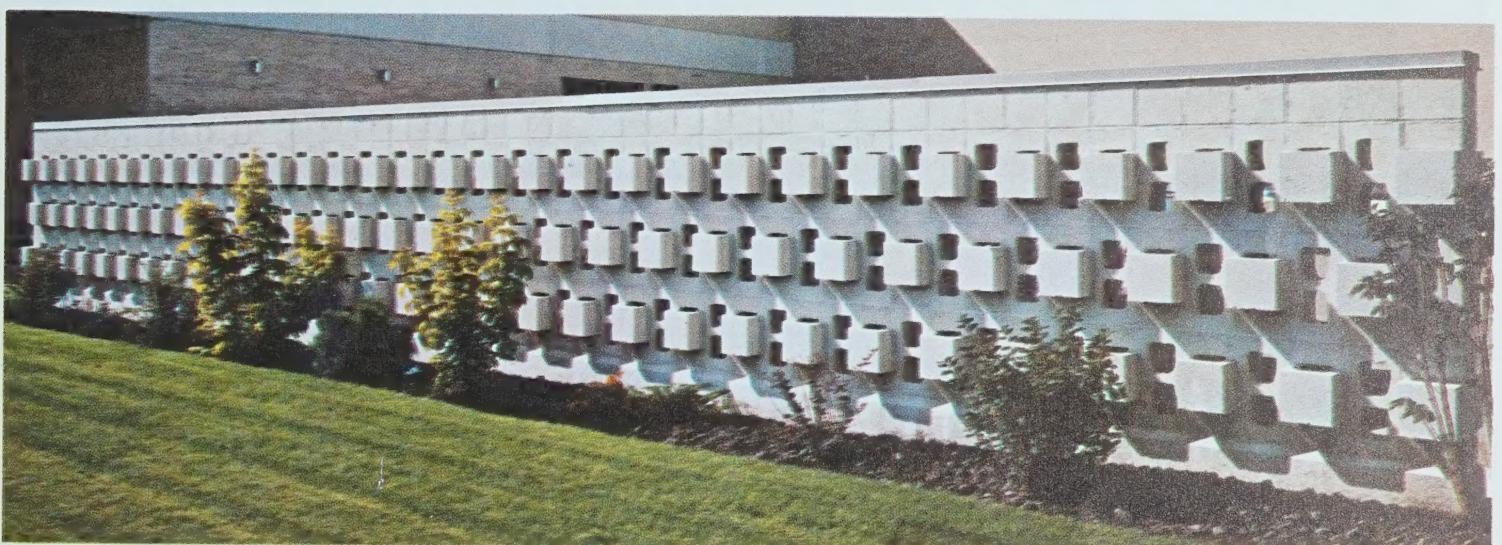
SHAREHOLDERS' EQUITY

(Per Participating Preferred Share)

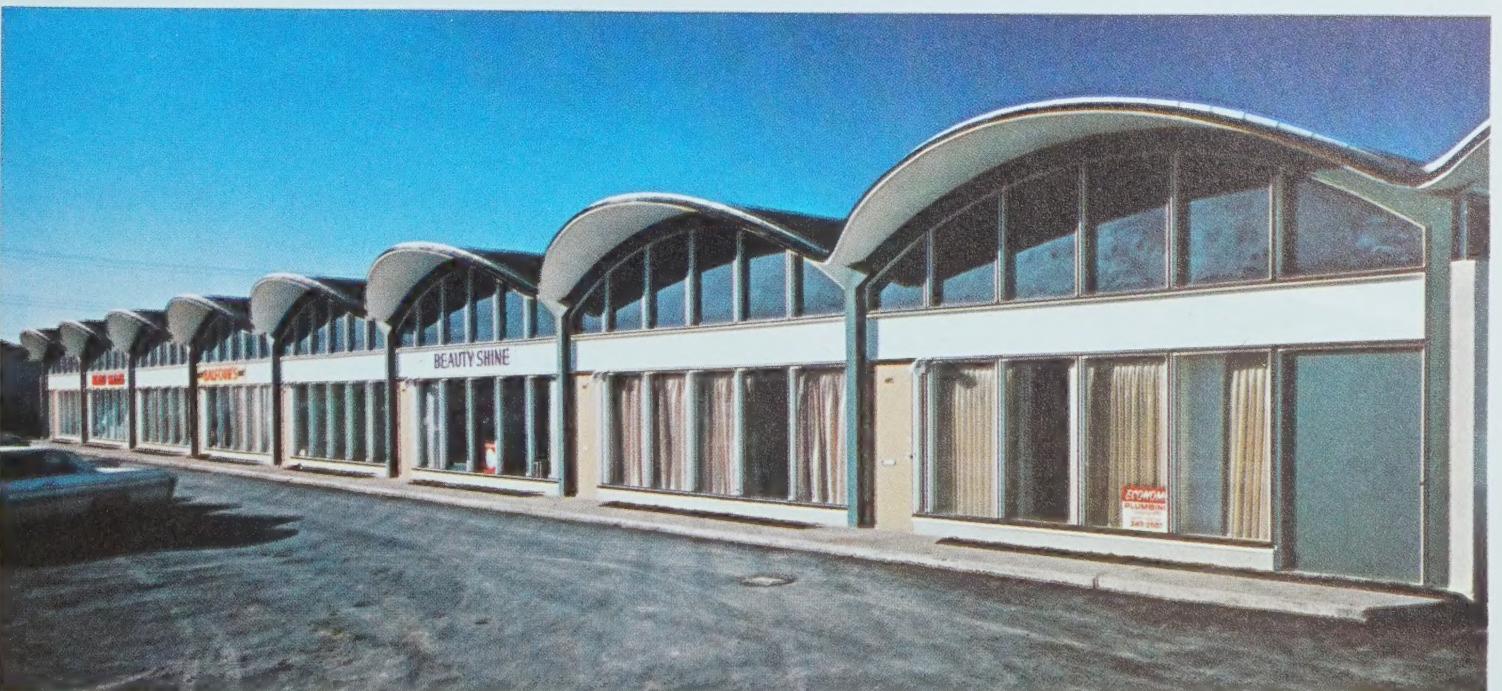




An outstanding example of a concrete hyperbolic paraboloid roof is shown in St. Philip's Church in Saskatoon.



Attractive concrete block fence adjoining the Alberta Liquor Control Warehouse in Edmonton.



This Calgary Shopping Centre has made effective use of concrete in its thin shell barrel roof.



Precast concrete units are featured in Imperial Oil's Prairie Marketing Region Building in Edmonton.



Inland's office at its distribution centre in Calgary is another example of the many uses of concrete in hyperbolic paraboloid construction.

